



News Release

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United States Requests Dispute Panel in WTO Challenge to EU Biotech Moratorium

WASHINGTON _ U.S. Trade Representative Robert B. Zoellick and Agriculture Secretary Ann M. Veneman announced today that the United States is taking the next step in its World Trade Organization challenge to the European Union's (EU) illegal five-year moratorium on approving agricultural biotechnology products by asking the WTO for a dispute settlement panel.

The United States, along with Canada and Argentina, initiated the case by requesting formal WTO consultations in May. Canada and Argentina are likewise requesting WTO panels to consider the EU moratorium.

"Delegations from the United States, Canada and Argentina consulted in June with EU officials, but the EU indicated no willingness to comply with its WTO obligations by lifting the groundless moratorium on biotech products," said Zoellick. "The EU's stance leaves us no choice but to proceed with the establishment of a WTO dispute settlement panel. For five years, the EU has kept in place a ban on biotech approvals – a ban which is unsupported even by the EU's own scientific studies. This trade barrier harms farmers and consumers around the world by denying them the benefits of productive, nutritious and environmentally friendly biotech products."

"We have been extremely patient for almost five years," said Veneman. "We have had exhaustive discussions with the Europeans and it now is time to let the dispute settlement process work."

President Bush, in his May 21, 2003, Coast Guard Academy Commencement Address, said that "By widening the use of new high-yield bio-crops and unleashing the power of markets, we can dramatically increase agricultural productivity and feed more people across the continent. Yet, our partners in Europe are impeding this effort. They have blocked all new bio-crops because of unfounded, unscientific fears. This has caused many African nations to avoid investing in biotechnologies, for fear their products will be

shut out of European markets. European governments should join - not hinder - the great cause of ending hunger in Africa.”

The first step in a WTO dispute, which the United States, Canada and Argentina undertook in May, is to request consultations. Other countries who expressed support for the case by joining as third parties to the consultations included: Australia, Chile, Colombia, Mexico, New Zealand, and Peru. In addition, El Salvador, Honduras and Uruguay also supported the U.S. position at the announcement of the case and have indicated their intent to join as third parties. Where, as in this case, the consultations do not resolve the dispute, the countries that requested consultations may seek the formation of a dispute settlement panel. Dispute settlement procedures, including appeal, typically take about 18 months.

The WTO agreement on sanitary and phytosanitary measures (SPS) recognizes that countries are entitled to regulate crops and food products to protect health and the environment. The WTO SPS agreement requires, however, that members have “sufficient scientific evidence” for such measures, and that they operate their approval procedures without “undue delay.” Otherwise, there is a risk countries may, without justification, use such regulations to thwart trade in safe, wholesome, and nutritious products.

Before 1999, the EU approved nine agriculture biotech products for planting or import. It then suspended consideration of all new applications for approval, and has offered no scientific evidence for this moratorium on new approvals. As EU Environment Commissioner Margot Wallstrom said over three years ago (July 13, 2000): “We have already waited too long to act. The moratorium is illegal and not justified ... The value of biotechnology is poorly appreciated in Europe.”

Agricultural biotechnology is a continuation of the long tradition of agricultural innovations that have boosted agricultural productivity, quality and choices by developing new forms of crops. More than 145 million acres (58 million hectares) of biotech crops were grown in the world in 2002. Worldwide, about 45 percent of soy, 11 percent of corn, 20 percent of cotton and 11 percent of rapeseed are biotech crops. In the United States, 75 percent of soy, 34 percent of corn and 71 percent of cotton are biotech crops.

Numerous organizations, researchers, and scientists have determined that biotech foods pose no threat to humans or the environment. Examples include:

- the French Academy of Medicine and Pharmacy;
- the French Academy of Sciences;
- 3,200 scientists from around the world who cosponsored a declaration on biotech foods; and
- a joint study conducted by seven national academies of science: the National Academies of Science of the United States, Brazil, China, India, and Mexico, plus the Royal Society of London and the Third World Academy of Sciences.

Background:

At the May 2003 announcement of the consultation request, Zoellick and Veneman were joined by Dr. C.S. Prakash (organizer of a pro_agricultural biotech declaration signed by 20 Nobel Laureates and over 3,200 scientists); T.J. Buthelezi, a small farmer of biotech crops from South Africa; Dr. Diran Makinde, DVM, Ph.D., Dean of the School of Agriculture, University of Venda for Science and Technology, South Africa; Dr. Ariel Alvarez_Morales, Principal Scientist, Department of Plant Genetic Engineering, Center for Research and Advanced Studies, Irapuato, Mexico; and representatives from other countries participating in the case.

Since the late 1990's, the EU has pursued policies that undermine agricultural biotechnology and trade in biotech foods. Six member states (Austria, France, Germany, Italy, Greece, and Luxemburg) banned modified crops approved by the EU. In 1998, member states began blocking all new biotech applications. This approval moratorium is causing a growing portion of U.S. agricultural exports to be excluded from EU markets and unfairly casting concerns about biotech products around the world, particularly in developing countries. The moratorium had no effect on any previously_approved products, such as corn and soy, which are still used and are available in EU member countries. The U.S. WTO challenge covers both the member state bans, and the EU-wide moratorium.

On July 22, 2003, the EU adopted two new regulations on biotech products. The Traceability and Labelling Regulation will require that biotech products be traced throughout the commercial chain, and that food containing biotech products comply with certain labelling requirements. The Genetically Modified Food and Feed Regulation will provide new approval procedures for biotech food and feed products upon its entry into force in about six months. Since neither one of these new regulations lifts the illegal moratorium on biotech products, they do not affect the U.S. WTO challenge.

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